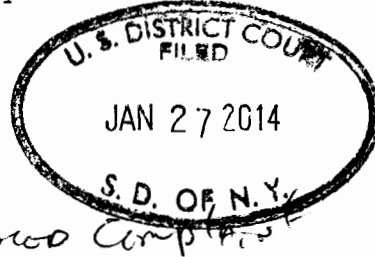


ORIGINAL

Approved: *Carolina A. Fornos*CAROLINA A. FORNOS  
Assistant United States Attorney

14 MAG 0165

Before: HONORABLE HENRY B. PITMAN  
United States Magistrate Judge  
Southern District of New York

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UNITED STATES OF AMERICA :

- v. - :

Violation of  
18 U.S.C. § 371

JUAN TOMAS SANCHEZ, :

COUNTY OF OFFENSE:  
BRONX

Defendant. :

- - - - - x

SOUTHERN DISTRICT OF NEW YORK, ss.:

Mark Brzyzek, being duly sworn, deposes and says that he is a Special Agent with the Internal Revenue Service Criminal Investigation:

COUNT ONE

(Conspiracy to Steal Government Funds)

1. From at least in or about 2012 through on or about February 1, 2013, in the Southern District of New York and elsewhere, JUAN TOMAS SANCHEZ, the defendant, and others known and unknown, willfully and knowingly did combine, conspire, confederate and agree together and with each other to commit an offense against the United States, to wit, to violate Title 18, United States Code, Section 641.

2. It was a part and an object of the conspiracy that JUAN TOMAS SANCHEZ, the defendant, and others known and unknown, would and did embezzle, steal, purloin, and knowingly convert to their use and the use of another, vouchers, money and things of value of the United States and a department and an agency thereof, to wit, the United States Treasury Department, the value of which exceeded \$1,000, and would and did receive, conceal, and retain the same with intent to convert it to their use and gain, knowing it to have been embezzled, stolen, purloined and converted, to wit, TOMAS SANCHEZ

engaged in a scheme to file fraudulent income tax returns to obtain fraudulent tax refunds to which he was not entitled.

Overt Act

3. In furtherance of said conspiracy and to effect the unlawful object thereof, the following overt act, among others, was committed in the Southern District of New York and elsewhere:

(a) On or about January 17, 2013, in the Bronx, New York, JUAN TOMAS SANCHEZ, the defendant, agreed with a co-conspirator not named as a defendant herein ("CC-1")<sup>1</sup> to obtain laptop computers and tax return software to file fraudulent tax returns.

(Title 18, United States Code, Section 371.)

**Tax Scheme Involving Puerto Rican Social Security Numbers and Electronic Filing Identification Numbers**

4. From my experience as an IRS agent, I am familiar with a scheme involving the fraudulent use of stolen Social Security numbers to submit false and fraudulent federal tax returns. Typically, the scheme works as follows:

a. Participants in the scheme employ stolen Social Security numbers ("SSNs") assigned to residents of Puerto Rico and file fraudulent federal tax returns seeking tax refunds on behalf of those individuals.

b. Residents of Puerto Rico often do not file tax returns with the IRS because such filing is not required as long as all of the resident's income is derived from Puerto Rican sources. Thus, by using Puerto Rican SSNs, participants in the scheme, among other things, minimize the risks that a legitimate federal tax return already will have been filed by the person whose identity has been stolen.

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<sup>1</sup> CC-1 was arrested and charged on or about February 1, 2013, with conspiracy to steal government funds, false claims, conspiracy to commit wire fraud, and aggravated identity theft. CC-1 is providing information to law enforcement in an effort to obtain a favorable disposition. CC-1 has provided reliable information which has been independently corroborated as set forth herein.

c. The fraudulently filed tax returns claim that the filer resides in one of the fifty states of the United States, for example, in New York State.

d. Participants in the scheme obtain the federal tax refund checks in various ways, including by causing them to be mailed by the United States Treasury to addresses to which the participants have access.

e. Fraudulently obtained tax refund checks may be cashed with the assistance of either corrupt bank employees, corrupt check cashers, or individuals with business checking accounts who may not be required to have the payee named on the face of the check -- a person normally in Puerto Rico -- appear at the time that the check is cashed.

f. In some instances, participants in the scheme cause tax refunds to be directly deposited into bank accounts controlled by them.

5. From my experience, I know that all electronically filed tax returns are transmitted to the IRS through an Electronic Filing Identification Number ("EFIN"). EFINS are issued by the IRS to electronic return originators, such as online tax software providers (e.g., TurboTax, TaxSlayer), businesses (e.g., H&R Block), or individual tax preparers (e.g., accountants) to enable them to file tax returns with the IRS.

#### **The Defendants' Scheme**

6. From speaking with CC-1, I have learned, among other things, the following:

a. Since approximately 2004, CC-1 has participated in a scheme involving the filing of fraudulent income tax returns using the stolen identifying information of residents of Puerto Rico.

b. Among other things, CC-1 obtains EFINS from other co-conspirators and then uses those EFINS to file fraudulent income tax returns after obtaining stolen identifying information of residents of Puerto Rico that CC-1 obtains from other co-conspirators.

c. CC-1 additionally sells these EFINS to other co-conspirators to enable them to also file fraudulent income tax

returns using stolen identifying information of residents of Puerto Rico. Further, CC-1 installs tax filing software on computers of other co-conspirators, teaches co-conspirators how to use the tax software, and assists them with setting up bank accounts to automatically have tax refunds electronically deposited into bank accounts.

7. At the time of CC-1's arrest, in plain view, I observed approximately 15 laptop computers in CC-1's home, as well as lists containing names, dates of birth, and Social Security numbers.

8. From further conversations with CC-1, I learned that JUAN TOMAS SANCHEZ, the defendant, had provided one of these laptop computers to CC-1, and had requested that CC-1 load tax software to enable SANCHEZ to file fraudulent tax returns.

9. A review of the laptop case containing the laptop computer revealed that the laptop case also contained two passports issued by the Dominican Republic in the name of JUAN TOMAS SANCHEZ, the defendant, bearing his photograph. The laptop case also contained a permanent resident card in his name.

10. A review of surveillance footage outside CC-1's residence revealed that on or about January 17, 2013, JUAN TOMAS SANCHEZ, the defendant, was captured on surveillance video entering CC-1's residence carrying a laptop case - the same laptop case that contained SANCHEZ's passports and permanent resident card.

11. In addition to the laptop case and computer found at CC-1's residence at the time of CC-1's arrest, I also observed a white envelope with the name "Juan" written on the outside. A review of the contents revealed 153 addresses and 287 SSNs. CC-1 confirmed that JUAN TOMAS SANCHEZ, the defendant, had provided this envelope to CC-1.


12. Upon further investigation, and from a review of IRS databases, I learned, among other things, the following:

a. The SSNs in the "Juan" envelope were used to file 167 fraudulent tax returns with the IRS and at least 6 tax refund checks, were issued from these fraudulently filed tax returns.


*with a value greater than \$1,000 MB*

b. At least one of these tax refund checks bore an address on Fox Street in the Bronx, New York, which I have confirmed is in fact the residence of JUAN TOMAS SANCHEZ, the defendant.

WHEREFORE, deponent prays that JUAN TOMAS SANCHEZ, the above-named defendant, be arrested and imprisoned, or bailed, as the case may be.

  
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MARK BRYZEK  
Special Agent  
Internal Revenue Service  
Criminal Investigation

Sworn to before me this  
27th day of January 2014.

  
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HONORABLE HENRY B. PITMAN  
UNITED STATES MAGISTRATE JUDGE  
SOUTHERN DISTRICT OF NEW YORK